

THE TORONTO STOCK EXCHANGE

26/11/70

FILING STATEMENT NO. 1764
FILED, DECEMBER 2nd, 1970.

HARVEY'S FOODS LIMITED

Full corporate name of Company
incorporated under The Corporations Act, 1953 (Ontario)
by Letters Patent dated February 25, 1959.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	The Company proposes to issue 1,404,878 common shares from its treasury at a price of 61 1/2¢ each to Industrial Growth Management Limited (hereafter called "IGM") which will be a non arm's length transaction. See item numbered 6 and Schedule "A" hereto for the details respecting the terms of the issuance of the said shares.
2. Head office address and any other office address.	Head Office address - 238 Bloor Street West, Toronto 181, Ontario Other office address - nil
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>Richard Charles Wilfred Mauran, 95 Ardwald Gate, Toronto, Ontario; Chairman of the Board, President and Director; Principal Occupation for the past five years: Chairman and President of the Company; President of IGM; Chairman, Grissol Foods Limited; Director, Reliable Life Insurance Co.; prior to July, 1967, President of Swiss Chalet Bar-B-Q Limited.</p> <p>Martin Bernard Syron, 40 Sheffley Crescent, Weston, Ontario; Vice-President and Director; Principal Occupation for the past five years: Law student, Barrister and Solicitor, Company solicitor and Vice-President of the Company.</p> <p>Edward John Kozak, 101 Prennon Avenue, Islington, Ontario; Secretary and Director; Principal occupation for the past five years: Secretary of the Company.</p> <p>Donald Colin Webster, 75 Binscarth Road, Toronto, Ontario; Director; Principal occupation for the past five years: President, Neptune Terminals Limited, Helix Investments Limited and T'Ang Management Limited, formerly Vice-President of the Company, Vice-President, General Impact Extrusions (Mfg) Limited and Director of Seaway Terminals Limited.</p> <p>Yves Charles Hudon, 1 Merton Street, Hamstead, Quebec; Director; Principal occupation for the past five years: President, Grissol Foods Limited.</p> <p>Marc Andre Boisclair, 4046 Maplewood Avenue, Montreal, Quebec; Director; Principal occupation for the past five years: President, Location Commerciale Inc., Président, Trans-Quebec Funds Inc. and prior to 1968, President Labrador Acceptance Corporation Limited.</p> <p>David Stewart Owen, 436 York Mills Road, Willowdale, Ontario; Director; Principal occupation for the past five years: Real Estate Consultant; during 1966 and 1967, Managing Director, Eaton Center Limited; prior to 1966 real estate consultant.</p> <p>Robert George McCulloch, 33 Rosehill Avenue, Toronto, Ontario; Director; Principal occupation for the past five years: Executive Vice-President and prior to 1966 Vice-President, Midland-Osler Securities Limited.</p> <p>William Austin Stewart, 90 Glenview Avenue, Toronto 12, Ontario; Director; Principal occupation for the past five years: Senior Vice-President, Midland-Osler Securities Limited.</p> <p>At the last annual meeting of the Company's shareholders held on October 15th, 1970, Mr. George B. Sukornyk did not stand for re-election as a director of the Company and at a meeting of the Board of Directors of the Company also held on October 15th, 1970, Mr. Richard Charles Wilfred Mauran was elected President of the Company in the place and stead of Mr. Sukornyk.</p>

4. Share capitalization showing authorized and issued and outstanding capital.

Authorized

- 50,000 first preference shares with a par value of \$50.00 each, issuable in series;
- 6,400 non-voting convertible second preference shares with a par value of \$1.00 each;
- 6,000,000 common shares without par value.

Issued and Fully Paid

- 10,000 5 1/2% cumulative redeemable first preference shares, Series A	\$ 500,000
- 6,400 second preference shares	6,400
- 3,486,156 common shares	6,388,467
	<u>\$6,894,867</u>

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

Debentures - 7 1/2% Sinking Fund Debentures, Series A

These Debentures mature on April 15, 1974 but are redeemable prior to maturity by the company at the following redemption prices:

(a) When redeemed otherwise than out of sinking fund monies, at the principal amount thereof plus a premium of 4% on or before April 15, 1970 and thereafter the said premium is reduced by 1% for each year to April 15, 1974;

(b) When redeemed out of sinking fund monies, at the principal amount thereof. By the terms of the Debenture Trust Deed the company is required to establish a sinking fund sufficient to retire \$10,000 principal annually on April 15, 1969 to 1973, both inclusive. \$20,900 principal amount of the debentures has been purchased to March 31, 1970 in lieu of the sinking fund payment.

As of the 31st day of October, 1970, the principal amount outstanding under these Debentures was \$59,100.

- 7 1/2% Serial Debentures, Series C

These debentures mature serially at the rate of \$20,000 on the last day of each month and are redeemable at par at the Company's option on the last day of any month without prior notice. The original principal amount was \$900,000 and redemptions have been made monthly since July 31, 1967.

As of the 31st day of October, 1970, the principal amount outstanding under these Debentures was \$100,000.

- 8 1/2% Convertible Debentures, Series D

The principal amount of \$255,000 will mature on May 31, 1978 and is redeemable at par prior to that date at the company's option. For the purposes of conversion 45,000 common shares have been reserved.

As of the 31st day of October, 1970, the principal amount outstanding under these Debentures was \$255,000.

Mortgages Payable as of October 31, 1970

Due within Five Years	Due between five and Ten Years	Due after Ten Years	Total
\$	\$	\$	\$
First Mortgages - 6% - 12%			
1,535,527	1,900,334	757,474	4,193,335
Second mortgages - 5 1/2% - 12%			
236,964	221,944	43,593	502,501
<u>1,772,491</u>	<u>2,122,278</u>	<u>801,067</u>	<u>4,695,836</u>

Due on Equipment as of October 31, 1970

The amount of \$186,632.00 is due to suppliers of equipment whose accounts are, by arrangement, payable monthly over varying periods of up to three years. Interest is charged on certain accounts at rates varying from 0 to 8% per annum which is added to the principal amount. Some of these accounts are secured by conditional sales contracts.

6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

Subject to and conditional upon obtaining the acceptance for filing of notice of the transaction of sale and purchase of the Company's common shares mentioned in item number 1 above and upon obtaining any necessary approval of the Ontario Securities Commission, the Company has agreed to issue 1,404,878 of its common shares to IGM for an aggregate consideration of \$864,000 pursuant to the terms of an agreement made between the Company and IGM dated the 9th day of November, 1970, a true copy of which said agreement is hereunto annexed as Schedule "A" on pages 4 and 5.

Edward J. Kozak, who is the Secretary and a Director of the Company, holds a stock option covering 15,000 common shares of the Company pursuant to the terms of which stock option he is entitled to purchase a maximum of 1,500 common shares per year at a price of \$5.00 for three shares. This stock option expires on May 2, 1976.

Common shares are reserved for issuance as follows:

8 1/2% Convertible Debentures, Series D, convertible up to May 31, 1978 on the basis of 3 common shares for each \$17 principal amount of debentures outstanding	45,000
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Share purchase warrants - of the 300,000 originally issued, the holders thereof are entitled to purchase common shares at \$1.33 per share up to April 15, 1974	124,569
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Share purchase warrants, Series 2 (1967) - of 390,000 issued, the holders thereof are entitled to purchase common shares at \$2.50 per share on or before May 15, 1977	390,000
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Share purchase warrants, Series 3 (1968) - of 45,000 issued as part of the consideration for the purchase of the shares of Swiss Chalet Bar-B-Q, Inc. and Richco Properties, Inc. the holders thereof are entitled to purchase common shares at \$2.50 per share on or before May 15, 1977	45,000
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Employee's stock option - of 15,000 common shares reserved, the employee is entitled to purchase a maximum of 1,500 shares per year at \$5.00 for 3 shares. This stock option expires May 2, 1976	10,500
	<u>615,069</u>

6,400 non-voting convertible second preference shares with a par value of \$1.00 each

In addition, 6400 outstanding non-voting convertible second preference shares are convertible, without further payment to the Company, at the rate of 2,000 of such preference shares per year, into fully paid and non-assessable common shares of the Company. Because of the nature of such conversion under the provisions of The Ontario Corporations Act the 480,000 common shares into which the said 6400 outstanding second preference shares are convertible are in addition to, and do not form part of, the presently authorized but unissued 2,513,844 common shares.

Total presently authorized but unissued common shares reserved to fulfil obligations respecting the above-mentioned share purchase warrants, convertible debentures and employee stock options.....	615,069
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Total number of common shares into which presently outstanding non-voting convertible second preference shares are convertible.	480,000
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Total	<u>1,095,069</u>
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SCHEDULE "A"

REFINANCING PROPOSAL OF HARVEY'S FOODS LIMITED
(HARVEY'S) AND INDUSTRIAL GROWTH MANAGEMENT
LIMITED (I.G.M.)

I.G.M. will do the following:

- (a) Deliver to Harvey's by way of purchase for cancellation 10,000, 5-1/2% cumulative redeemable first preference shares, Series "A" of Harvey's held by I.G.M.
- (b) Pay to Harvey's \$500,000 cash.
- (c) For the purposes of this refinancing only, I.G.M. shall and does by its execution hereof waive the anti-dilution provisions in the Supplementary Letters Patent that created the second preference shares of Harvey's. I.G.M. shall deliver to Harvey's all share certificates which it holds representing the said second preference shares for the purpose of endorsing same with an appropriate reference to the waiver hereinbefore provided and I.G.M. shall not sell, assign, transfer or encumber in any way the said second preference shares of Harvey's which it presently holds without first obtaining and delivering to Harvey's the written agreement, in favour of Harvey's under seal, of the proposed transferee, assignee or chargee thereof to be bound by such waiver.

2. In consideration of the delivery for cancellation of the said first preference shares, payment of \$500,000 cash and the second preference share waiver of anti-dilution rights for this refinancing, Harvey's agrees to issue to I.G.M. 1,404,878 of its common shares.

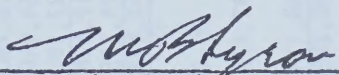
3. The opinion of Midland-Osler Securities Limited, Harvey's and I.G.M.'s fiscal agents, is that in effect Harvey's is issuing the said common shares at the equivalent of 61-1/2¢ per share.

4. The further opinion of Midland-Osler is that the said preference shares have a fair market value of about \$36.40 per share (par value \$50.00).

5. Harvey's contemplates that this arrangement will be approved by its directors and not submitted to its shareholders for approval.
6. The transaction will be subject to the Toronto Stock Exchange accepting the appropriate report for filing and will be subject to any necessary approvals of the Ontario Securities Commission.
7. The undersigned by their execution hereof hereby agrees to the above Refinancing Proposal and agree to be bound by the terms and conditions thereof.

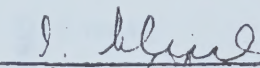
DATED AT the City of Toronto this 9th day of November,
1970.

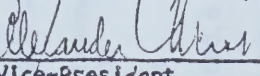
HARVEY'S FOODS LIMITED

Per  (c/s)
Vice-President

Per 
Secretary

INDUSTRIAL GROWTH MANAGEMENT LIMITED

Per 
Assistant Secretary

Per 
Vice-President

FINANCIAL STATEMENTS

HARVEY'S FOODS LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 1970

ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
\$			
Cash and short-term investment	81,054	Bank advances - secured	1,144,427
Accounts receivable	395,060	Accounts payable and accrued charges	393,497
- franchise operators	162,945	Income taxes payable	196,262
Prepaid expenses	639,059	Long-term liabilities - current portion	529,920
		Notes payable	60,000
		Provision for repurchase of franchises	56,000
			2,380,106
CHATEL MORTGAGES AND OTHER LONG-TERM RECEIVABLES DUE FROM FRANCHISE OPERATORS	142,379		
INVESTMENT IN UNCONSOLIDATED SUBSIDIARY COMPANY		LONG TERM LIABILITIES	
At cost	403,652	Mortgages payable	4,716,277
Less: Provision for loss	403,651	Due on equipment	198,985
	1	7½% sinking fund debentures, Series "A"	59,100
		7½% serial debentures, Series "C"	120,000
		8½% convertible debentures, Series "D"	255,000
			5,349,362
BALANCES RECEIVABLE ON SALE OF FRANCHISES		Less: Current portion	529,920
Contra	3,471,933		4,819,442
			3,471,933
FIXED ASSETS - at cost		UNEARNED INCOME ON SALE OF FRANCHISES	
			360,443
Land	5,626,280	DEFERRED INCOME TAXES	11,031,924
Building, parking lots and equipment	8,664,046		
Leasehold improvements	627,302	CAPITAL STOCK	
	14,917,628		
Less accumulated depreciation	1,774,735	Authorized -	
	13,142,893	50,000 first preference shares, with a par value	
		of \$50 each, issuable in series	
OTHER ASSETS		6,400 non-voting convertible second preference	
		shares with a par value of \$1 each	
Financing expenses - at cost less amortization	232,175	6,000,000 common shares without par value	
Excess of cost of shares over book value	1,058,114		
of assets of subsidiary companies acquired	1,290,289		
		Issued and fully paid -	
		10,000 5½% cumulative redeemable first preference	
		shares, series A	500,000
		6,400 second preference shares	6,400
		3,486,156 common shares	6,388,467
			6,894,867
There have been no material changes in the items		CONTRIBUTED SURPLUS	99,000
on the above balance sheet since the date thereof.		RETAINED EARNINGS	660,763
Dated at Toronto this 25th day of November, 1970			7,654,630
..... Director			18,686,554
..... Director			
On behalf of the Board			
			18,686,554

HARVEY'S FOODS LIMITED
AND SUBSIDIARY COMPANIES
INTERIM CONSOLIDATED STATEMENT OF EARNINGS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1970

GROSS REVENUE

Sales of franchises, including interest on notes	\$ 136,825	
Operations of franchises and net rental income	1,023,926	
Sales derived from farm and restaurant operations	<u>1,223,742</u>	2,384,493

EXPENSES

Operation of farm and restaurants	\$ 1,146,486	
Administrative and other	314,716	
Depreciation and amortization	265,572	
Amortization of financing expenses	33,293	
Interest on long term debt	218,073	
Interest on loans	<u>60,190</u>	<u>2,038,330</u>

EARNINGS BEFORE INCOME TAXES
AND EXTRAORDINARY ITEM

346,163

PROVISION FOR INCOME TAXES

Current	\$ 199,041	
Deferred	<u>8,287</u>	<u>207,328</u>

NET EARNINGS BEFORE EXTRAORDINARY ITEM

138,835

EXTRAORDINARY ITEM

Provision for loss on investment in unconsolidated subsidiary company	\$ 39,756	
Less: Profit on expropriation of land	<u>4,368</u>	<u>35,388</u>

NET EARNINGS FOR THE PERIOD

\$ 103,447

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1970

SOURCE OF WORKING CAPITAL

Net earnings for the period	\$ 103,447	
Items not affecting working capital		
Depreciation and amortization	\$265,572	
Amortization of financing expenses	33,293	
Deferred income taxes	8,287	
Provision for loss on investment in and advances to subsidiary company	<u>39,756</u>	<u>346,908</u>
Cash flow from operations		\$ 450,355

USE OF WORKING CAPITAL

Increase in chattel mortgages and other long term receivables	14,960	
Additions to fixed assets	35,861	
Decrease in long term liabilities - net	60,444	
Repayment of Series "C" debentures	120,000	
Dividends	13,750	
Increase in investment in and advances to subsidiary companies	<u>39,756</u>	<u>284,771</u>
INCREASE IN WORKING CAPITAL FOR PERIOD		165,584
WORKING CAPITAL DEFICIENCY - BEGINNING OF YEAR		<u>1,906,631</u>
WORKING CAPITAL DEFICIENCY - END OF PERIOD		<u>1,741,047</u>

.....
Director

.....
Director

On behalf of the Board

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Edward J. Kozak, who holds the stock option mentioned in item number 6 above, resides at 101 Prennan Avenue, Islington, Ontario.													
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None													
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	At present the Company has no future development plans. The proceeds from the sale of the above-mentioned treasury shares will be used to enhance the Company's working capital position.													
10. Brief statement of company's chief development work during past year.	Opened fourteen new restaurants													
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Pursuant to the agreement set forth in Schedule "A" hereto the Company proposes to purchase the 10,000 5 1/2%, cumulative, redeemable first preference shares, Series A of the Company presently held by IGM for an aggregate consideration in the amount of \$364,000.													
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>IGM will receive a credit in the amount of \$364,000, being the consideration for the 10,000, 5 1/2%, cumulative, redeemable first preference shares, Series "A", of the Company being purchased for cancellation by the Company, against the purchase price of the common shares being issued to IGM as set forth in item numbered 6 above.</p> <p>The names and addresses of holders of more than a 5% interest in the shares of IGM are as follows:</p> <p style="padding-left: 40px;">Richard Charles Wilfred Mauran 95 Ardwald Gate, Toronto, Ontario.</p> <p style="padding-left: 40px;">Mark Mills Limited, c/o Trust Corporation of Bahamas Limited P.M.B. 288 Nassau, N.P. Bahamas</p>													
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None													
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None													
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><tr><th><u>Shareholder and Address</u></th><th><u>No. of common shares held</u></th></tr><tr><td>Montreal Trust Co., 15 King Street West, Toronto, Ontario</td><td>295,000</td></tr><tr><td>Monray & Co., P. O. Box 1900, Station B, Montreal, Quebec.</td><td>237,700</td></tr><tr><td>Gilbert Securities Limited, P. O. Box 730, Place D'Armes, Montreal, Quebec.</td><td>162,560</td></tr><tr><td>Industrial Growth Management Ltd., 238 Bloor Street West, Toronto 181, Ontario</td><td>231,700</td></tr><tr><td>Bankmont & Co., 119 St. James Street West, Montreal, Quebec.</td><td>113,625</td></tr></table>	<u>Shareholder and Address</u>	<u>No. of common shares held</u>	Montreal Trust Co., 15 King Street West, Toronto, Ontario	295,000	Monray & Co., P. O. Box 1900, Station B, Montreal, Quebec.	237,700	Gilbert Securities Limited, P. O. Box 730, Place D'Armes, Montreal, Quebec.	162,560	Industrial Growth Management Ltd., 238 Bloor Street West, Toronto 181, Ontario	231,700	Bankmont & Co., 119 St. James Street West, Montreal, Quebec.	113,625	<p>The Company has no knowledge of who are the beneficial owners of the above-mentioned shares and has no way of ascertaining same save and except that IGM is the beneficial owner of the number of shares set out opposite its name.</p>
<u>Shareholder and Address</u>	<u>No. of common shares held</u>													
Montreal Trust Co., 15 King Street West, Toronto, Ontario	295,000													
Monray & Co., P. O. Box 1900, Station B, Montreal, Quebec.	237,700													
Gilbert Securities Limited, P. O. Box 730, Place D'Armes, Montreal, Quebec.	162,560													
Industrial Growth Management Ltd., 238 Bloor Street West, Toronto 181, Ontario	231,700													
Bankmont & Co., 119 St. James Street West, Montreal, Quebec.	113,625													

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The Company has no knowledge of any person or company whose shareholdings are large enough to affect control of the Company other than those referred to in item numbered 15. As outlined in item numbered 1, IGM will acquire 1,404,878 common shares from the treasury of the Company.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<u>No. of Shares held</u>	<u>%</u>	<u>Cost</u>
	Swiss Chalet Bar-B-Q Inc.		
	210	100%	\$ 855,000
	Richco Properties Inc.		
	200	100%	242,500
	Chalet Farms Limited		
	100	100%	195,000
	Wille's International Limited		
	1000	100%	1,067
	Harvey's Foods G.m.b.H.		
	125000 D.M.	100%	<u>1</u>
			<u>\$1,293,568</u>
	All of the above mentioned are wholly owned subsidiaries of the Company and are private companies. The transfer of their shares are restricted and, accordingly, there is no trading in their shares. The Company considers that the market value of these shares is the cost thereof as set forth above.		
18. Brief statement of any lawsuits pending or in process against company or its properties.	County Court Action to enforce the terms of a right of way agreement by adjacent landowner. Negotiations for settlement being carried on. Temporary settlement has been made.		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None.		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts relating to the transaction of sale and purchase of the Company's common shares as set forth above in item number 1. No shares of the Company are presently in the course of primary distribution to the public.		

DATED November 25, 1970.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"M. B. Syron"

M. B. Syron
Vice-President

CORPORATE
SEAL

"E. J. Kozak"

E. J. Kozak
Secretary

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

